

Audit Committee News

September 2006

Principal Representatives:

John P. Higgins, Jr., IG/ED,
Chairman
Greg Friedman, IG/DOE
Phyllis Fong, IG/USDA
Gordon Heddell, IG/Labor
Patrick O'Carroll, IG/SSA
Harold Damelin, IG/Treasury
Thomas Gimble,
Acting IG/DOD

ECIE Representatives:

Jane Altenhofen, IG/NLRB
Ken Konz, IG/CPB

FAEC Council:

Helen Lew, AIGA/ED

Highlights

- FISMA Framework
- Protecting Sensitive Information
- Revisions to Audit Bulletin

If you have any questions, please
contact:

Kim Geier at 202-245-7020

Next Audit Committee Meeting: Tuesday, September 19 at 2:00 pm, Potomac Center Plaza, 550 12th Street, SW, Room 8070

FISMA Framework

The Federal Audit Executive Council's (FAEC) Information Technology Committee has issued a proposed framework for implementing the requirements of the Federal Information Security Management Act (FISMA). The framework will enhance the consistency, comparability and completeness of annual independent evaluations of agencies' information security program and practices. The Audit Committee will vote on the proposed framework at its next meeting.

Working to Protect Sensitive Information

The PCIE's Information Technology (IT) Roundtable is working diligently to coordinate the IG community's efforts to comply with OMB Memorandum M-06-16, *Protection of Sensitive Agency Information*. On August 7, the IT Roundtable issued the final data collection instrument and guide for assessing agency's efforts to protect sensitive information. The template should be submitted to Charles Coe at charles.coe@ed.gov or Catherine Conner at Catherine.conner@ed.gov by September 22, 2006. (Additional guidance on how to transmit the data in a secure fashion will be forthcoming.) The IT Committee will consolidate this information into one report that will be submitted to OMB by October 15, 2006.

OMB Issues Revisions to Audit Bulletin

The Office of Management and Budget (OMB) issued OMB Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*, dated August 23, 2006. Changes to the bulletin include:

- revising the definitions of material weakness, reportable condition, and significant deficiency to be consistent with SAS 112, *Communicating Internal Control Related Matters Identified in an Audit*, and proposed conforming changes to *Government Auditing Standards* issued by the Comptroller General;
- providing guidance on obtaining assurance on internal control of a service organization;
- requiring the auditor's report to include an emphasis of matter paragraph when there is a restatement of previously-issued financial statements;
- providing additional guidance on compliance with OMB Circular No. A-123, *Management's Responsibility for Internal Control*, and the Federal Financial Management Improvement Act; and
- requiring the auditor to obtain written representation from management on consistency of the budgetary data used to prepare the Statement of Budgetary Resources and the SF-133.

OMB Bulletin No. 06-03 supersedes OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*, and related technical amendments included in OMB Memorandum M-04-22, *Amendments to OMB Bulletin No. 01-02, Audit Requirements for Federal Financial Statements*. We would like to extend a special thank you to the FAEC workgroup that worked with OMB to update the bulletin.